

**Page Denied**

Next 1 Page(s) In Document Denied

Major Provisions of Proposed Lock Canal Treaty

Treaties of 1903, 1936 and 1955

1. Treaties of 1903, 1936 and 1955 are abrogated.
2. Establishes a "Canal Area" which includes specified land and water areas which are now part of Zone. Areas no longer needed to revert to Panama. Other areas are designated "Defense Areas" and turned over to US military under Defense Treaty.
3. Establishes a "Joint Administration" which would operate the canal and administer "Canal Area." Administration would be governed by Board of 5 US and 4 Panamanian nationals which would act by majority vote. Chairmanship of Board would alternate annually between a US and Panamanian national.
4. Joint Administration will operate a postal system but postage of Panama will be used.
- ✓ 5. The court system in Canal Area would be staffed by an equal number of US and Panamanian judges and would have exclusive jurisdiction over crimes within Area committed against: security of canal; ships, cargoes, passengers in Area; the Administration, its property or against public order.  
  
Panamanian courts would have jurisdiction over civil actions and proceedings and over prosecution of crimes other than those in categories mentioned above.
6. The Administration, in its first year of operation, would pay to Panama 17¢ per long ton of commercial cargo transiting canal. The annual payment would increase by one cent for five succeeding years. Thereafter the annual payment to Panama would remain 22¢ per long ton. (In fiscal 1969, 17¢ per long ton would provide approximately \$16 million to Panama)

In Canal Zone US has "all rights, powers, and authority it would possess if it were sovereign of the territory..."

Under earlier treaties, the Canal Zone government operated the postal system using US stamps.

US court system has exclusive jurisdiction over all crimes committed within Canal Zone.

Panama receives a fixed annuity of \$1,930,000.

In the first year the US would receive 8¢ per long ton, and that annual amount would increase by one cent for two years, the annual payment to the US thereafter being ten cents per long ton.

7. Treaty would remain in force until December 1999; however, it would be superseded by the Sea Level Canal Treaty upon opening of a sea level canal.

This provision abolishes perpetuity clause of 1903 treaty.

Major Provisions of the Draft Defense Treaty

1903, 1936, and 1955 Treaties

Defense Treaty - Panama will make available to the US the military bases, maneuver areas, and auxiliary facilities which are essentially the same installations now existing in CZ, except for certain areas identified by the JCS as relinquishable to Panama and for areas around the cities of Panama and Colon for urban and economic development purposes.

The treaty grants the US the right to act to ensure the defense of the Canal and insures continued US enjoyment of essentially the same operational rights which it enjoyed under the earlier treaties.

The status of the armed forces and accompanying civilian personnel will follow the basic form of the NATO status of forces agreement tailored to fit US needs in Panama.

The US has access to and free movement between the Defense Areas and the Canal Area.

A Joint Committee of one Panamanian and one US will be responsible for resolving matters related to implementation of the Defense Treaty.

The Defense Areas will be under the flag of Panama and the US flag may be displayed in a manner established by the two governments through the Joint Committee.

US flag flown exclusively over US bases in Zone.

Concurrent jurisdiction on a country wide system is established.

The present system provides for exclusive US jurisdiction over US personnel in the Canal Zone and exclusive Panamanian jurisdiction outside the Zone.

The Defense Treaty will terminate five years after the termination of the Lock Canal Treaty.

A separate exchange of notes will arrange for continued US use of the Rio Hato base for a period of ten years renewable for successive one-year periods. However, Panama will use the base as a permanent military reservation for its armed forces also.

US has had exclusive jurisdiction at Rio Hato, but a 6-man National Guard detachment was added in 1967.

#### Proposed Sea Level Canal Treaty

The treaty will remain in force for sixty years, but not beyond December 31, 2067, but would terminate if the US does not exercise its option to build within 20 years.

The use of nuclear excavation methods would be subject to agreement by Panama.

The US would finance construction, but can, after consultation with the Republic of Panama, offer to other states, international organizations, or public and private entities the opportunity to participate in the financing.

The two sites mentioned in the treaty are the vicinity of the present lock canal or in the Darien region (Sasardi-Morti).

US and Panama will establish an international juridical entity to operate the sea level canal. (similar to the Board established by the lock canal treaty to operate the present canal)

### PANAMA CANAL BASIC FACTS

The Canal Zone Government is an independent government agency under direct supervision of the President of the US who has delegated this authority to the Secretary of the Army. The Secretary of the Army is designated Stockholder of the Panama Canal Company and appoints the Board of Directors of 13 members in which management of the corporation is vested.

The Panama Canal Company and Canal Zone Government are headed by Brig.Gen. W. P. Leber who is President of the Company and Governor of the Canal Zone. The appointment of Governor is made by the President of the US, subject to confirmation by the Senate, and he is ex officio President of the Company.

Panama Canal Company - 15,000 employees of which only 4,000 are US citizens

9,300 unskilled or semi-skilled workers  
(mostly Panamanian)

4,800 skilled and professional of which  
1,400 are Panamanians

Thirty-nine percent of Panamanian economy depends directly or indirectly on the Canal and on US military activities in the Canal Zone. About \$115 million annually is pumped into Panama's economy as a result of the canal.

85.3 million tons of cargo passed through the canal in Fiscal 1966 on 13,300 vessels. The number of vessels transiting the canal averages about 36 per day. It is estimated that the present canal can handle the needs of world commerce up to

the year 2000. US-owned ships are the prime users of the canal with 54 million long tons of cargo in 1966. Japan was second with 24 million and Venezuela third with 8 million.

Tolls are currently levied on a net tonnage basis--90¢ a ton for laden ships and 72¢ in ballast. A ship which would otherwise have to sail around the "Horn" can easily save ten times the amount of her toll by using the Canal. The average toll per ship is \$6,128.

Net revenue of the Panama Canal Company for Fiscal 1966 was \$6.4 million after charges for interest costs and the net cost of operations of the Canal Zone Government. Total equity of the US Government in Fiscal 1966 was \$489.7 million.

From the \$6.4 million net revenue, \$430,000 is earmarked as a part of the \$1,930,000 due Panama each year. The other \$1,500,000 of this payment comes from the US Government--not the Panama Canal Company. Therefore, using the word "profit" loosely the US had a profit of \$4,880,382 in 1966 and only \$42,439 in 1965.

Congress has no statutory requirement for amortization payments and since 1955 such payments have been sporadic (\$10 million in 1955, \$5 million in 1956, and \$10 million in 1960). The remaining amortization cost is \$331 million.